

Jordan Times

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جوردان تايمز يومية سياسية مستقلة عن المؤسسة الصحفية الأردنية "الراي"

Computer error triggers U.S. alert

WASHINGTON, June 5 (R) — U.S. Air Force aircraft were put on alert for three minutes this week because a faulty computer showed a multiple Soviet missile attack on the United States, the Pentagon announced today. It was the second time in seven months that a computer problem triggered a U.S. alert. A Pentagon spokesman said that because of the false alarm on Tuesday, one Air Force plane took off from Hawaii while some Strategic Air Command (SAC) aircraft were readied for take-off with their engines running. He also said the White House was informed, but the alert was called off before the information could be transmitted to either President Carter or Defence Secretary Harold Brown. As in the previous false alert on Nov. 9, the computer problem was at the North American Defence Command (Norad) complex, housed in a granite mountain near Colorado Springs, Colorado. The complex is the headquarters of the joint U.S.-Canadian defence network for the continent.

Price: Jordan 50 fils; Syria 50 piastres; Lebanon 75 piastres; Saudi Arabia 1 riyal; UAE 1 dirham; Great Britain 25 pence.

At Washington synagogue

L stages violent disturbance meet with expelled mayors

to the Jordan Times
GTON, June 5 — The Jewish Defence League and responsibility for a disturbance at a meeting of Jewish and two mayors expelled from West Bank.

interrupted with frequent violent anti-Palestine Liberation Organisation (PLO) slogans. Yesterday, the PLO office here was broken into and received a bomb threat prior to the meeting. PLO sources told the Jordan Times that they believed the break-in was "an attempt to learn about the schedule of the two mayors' visit to Washington."

As a security measure, the mayors changed hotels and measures to ensure their safety have been stepped up. The break-in is under investigation by police.

After the meeting with the Jewish liberals, Mr. Milhem told the Jordan Times he was "pleased to have had the opportunity to meet with Jewish leaders and discuss their viewpoints."

Security Council condemns attempted murders of three West Bank mayors

UNITED NATIONS, June 5 (Agencies)—The Security Council today condemned the attempted murders of three West Bank mayors last Monday and voiced its deep concern that Israel had failed to

The United States abstained in a vote on the resolution which was supported by all the other members of the 15-nation council. The resolution reaffirmed "the

overriding necessity to end the prolonged occupation of Arab territories occupied by Israel since 1967, including Jerusalem."

Principal target of the bomb attacks on Monday were the three Palestinian mayors, two of whom were crippled by the blasts. Explaining his abstention in today's vote, the chief U.S. delegate, Mr. Donald McHenry, spoke of the whole range of events and factors in the Arab-Israeli dispute, which he said were ignored in the text.

The U.S. believed that the council's Resolution 242 of 1967, which laid down the guidelines for Middle East peace, provided the basis for a settlement, he said. The U.S. would oppose any change in Resolution 242, Mr. McHenry added.

"An accelerating cycle of violence, of actions and counteractions born of fear and insecurity, erodes the shared vision of an equitable peace, from which any negotiation must draw its sustenance," he said.

The council was called into session today at the initiative of the Palestine Liberation Organisation with the support of the Arab states.

The three mayors, of Nablus, Ramallah and Al Bireh, are regarded as the most nationalist Palestinian leaders in the area.

Today's council resolution called for "the immediate apprehension and prosecution" of the attackers on the three mayors.

Many West Bank residents blamed Jewish ultra-nationalists for the attacks but the Israelis claimed it was possible that Palestinians trying to increase tension had carried out the attacks.

Mayors Bassam Al Shak'a of Nablus is now in the Hussein Medical Centre in Amman. The other wounded Palestinian leader, Mayor Karim Khalaf of Ramallah, remained in his local hospital where on Monday doctors amputated his left foot. Hospital sources said Mr. Khalaf's condition had worsened.

Meanwhile, Israeli police sources said in Tel Aviv investigators believed a single group was responsible for the bombs as well as for a grenade attack which injured seven Arabs in the West Bank town of Hebron on the same day. All the explosives used were Israeli army issue, they said.

The sources said intensive investigations were going on in Hebron and in Kiryat Arba, a big Jewish settlement nearby.

Hebron was the scene of a Palestinian ambush in which six Israelis were killed last month, and Jewish extremists vowed revenge. Kiryat Arba is a centre of the ultra-nationalist Gush Emunim settler movement.



A beaming Mrs. Anaya Shak'a looks on at her husband, Nablus Mayor Bassam Shak'a following surgery at the Hussein Medical Centre here Thursday. (Photo by Youssef Al Allan)

protect civilians in the occupied territories. It also called for Israel to compensate the victims of Monday's bomb attack in which 10 people were injured.

quently laid charges of incitement against Mr. Shak'a and Mr. Khalaf, and against Mayor Ibrahim Tawil of Al Bireh who escaped a third car bomb.

Protests over the killings spread from the West Bank to Arab residents of Israel during the day. Municipalities of Arab towns in the Galilee area came out on strike.

In Bethlehem, Mayor Elisa

Freij called today for a mass walk-out by municipal Arab leaders in protest against the Israeli crackdown on the West Bank. He also withdrew his resignation under pressure from other West Bank mayors.

"I don't feel happy about going back, but I have to keep the solidarity" with other West Bank leaders, Mr. Freij said.

(Continued on page 2)



AMMAN, June 5 (JT) — A group of some 100 Jordanian women today held a sit-in at the headquarters of the International Red Cross Committee here to protest the Israeli assassination attempts against mayors Bassam Shak'a of Nablus, Karim Khalaf of Ramallah and Ibrahim Tawil of Al Bireh.

Gathering in the small garden of the headquarters in Abdali, the group issued a statement denouncing oppressive Israeli measures against the people of the occupied Arab territories. During the 90-minute sit-in the women appealed to the world conscience and to peace-loving nations to extend assistance to the Arab people and to stop Israel's arbitrary measures against them.

The Red Cross here has forwarded a copy of the statement to the president of the International Red Cross Committee in Geneva. Other copies were sent to U.N. Secretary General Kurt Waldheim and to international women's organisations.

U.S., Oman sign pact on air, naval facilities

BAHRAIN, June 5 (R) — The United States will have the use of air and naval facilities in Oman Sultanate under a note signed between the two countries, the Gulf News Agency reported from Muscat today. "But these facilities will be no more than those enjoyed by any country friendly to Oman," the agency said.

The document signed in Muscat yesterday, does not allow any U.S. bases or the stationing of any U.S. units in the country, the agency said. The note covers security, development, economic and trade cooperation and was signed by the Omani minister of state for foreign affairs, Mr. Qais Al Zawawi, and the U.S. ambassador, Mr. Marshall Wiley, the agency said.

Oman, strategically situated at the entrance of the Gulf, was one of four countries which the U.S. approached for emergency military facilities in the aftermath of the Soviet military intervention in Afghanistan last December. The other three countries were Saudi Arabia, Somalia and Kenya.

Somalia and Kenya were reported to have agreed in principle to the U.S. request, but the Saudis have dismissed reports that the kingdom had even been approached for such facilities.

Since the downfall of the Shah last year, pro-western Oman has assumed the responsibility of guarding the Strait of Hormuz, through which about 100 tankers a day pass carrying 70 per cent of the industrialised world's oil imports.

After the Soviet intervention in Afghanistan, Oman asked for more military aid from the U.S. and Britain to strengthen its defence forces, which are deployed mainly along frontiers with Marxist South Yemen.

Oman has no relations with South Yemen, which for years supported an insurgency in Oman's southern Dhofar province crushed in 1975 with military assistance from the deposed Shah of Iran.

After surgery at Hussein Medical Centre Shak'a in satisfactory condition, will improve

Special to the Jordan Times

AMMAN, June 5 — Mayor Bassam Shak'a's condition is satisfactory

and is expected to improve gradually.

a spokesman for the Hussein Medical Centre said tonight.

The spokesman, quoted by the official Jordan News Agency (JNA), said the mayor, who was airlifted by helicopter from King Hussein Bridge this morning, arriving at 12:30 p.m., underwent surgery within half an hour to clean out the infected wounds of the stumps of his legs which he lost in an Israeli assassination attempt Monday morning.

Mr. Shak'a, who was carried in an ambulance from the government hospital in Nablus to the bridge, told JNA he was determined "to go back to Nablus to continue the struggle and render my services to the people who suffer under the yoke of occupation and continued Zionist terrorism."

He said he had declined an offer of treatment in an Israeli hospital because the Israeli authorities "are responsible for the perfidious attack."

Mr. Shak'a said former Israeli Defence Minister Ezer Weizman had threatened to "physically liquidate me" during a recent detention and had "ordered my expulsion outside the occupied territories," JNA added.

Mr. Shak'a was accompanied in the ambulance and the helicopter by his private physician who had been present at similar operation Mr. Shak'a underwent yesterday evening at Fafidia Hospital. He told the Jordan Times this evening that the mayor's heart had stopped due to shock for two minutes during the operation.

The doctor said he was being treated for gas gangrene, a bacterial infection peculiar to bombing accidents that sets into the muscle and skin. Since the bacteria is destroyed by oxygen, the wounds must be left open.

Speaking after today's operation which was performed by Dr. Daoud Hanania, Director of the Royal Medical Services, Mr. Shak'a's physician said that the mayor's condition was "risky but better."

The patient is now in the intensive care unit where he is expected to stay for a week. "I don't think he will need any more life-saving operations," his doctor said "but he might need plastic surgery for rehabilitation of his muscles, joints and fixing of artificial limbs. It is miraculous that he survived at all."

He added that the minimum time the mayor will need to stay in hospital is two weeks but "I would like to see him stay for two months. When he gets out depends on his own will to leave."

In another interview with the Jordan Times, a close relative of the mayor said of the patient: "He is always in good spirits but he became subdued yesterday when fatigue set in."

As the mayor's condition worsened last night, it became obvious that the Nablus hospital did not have the equipment to cope with his condition, he said. Doctors there urged his removal to the Tel Hashomer Hospital near Tel Aviv, the only one in Israel or the West Bank equipped to deal with gas gangrene.

"Bassam refused," he said. "He told them that the Israeli were responsible for the bombing and that he was not safe in one of their hospitals. The doctors then insisted that he be removed to Amman. At 1 a.m. this morning the military governor said 'no' because (Israeli Prime Minister Menachem) Begin refused the transfer. The doctors pressed again and finally received permission at 6:30."

The ambulance with the mayor, his wife, and his doctor arrived at the Prince Mohammad Bridge at 11, only to have the military authorities deny them permission to cross and insist on an hour's detour to the King Hussein in Bridge.

Accompanying the ambulance to the Prince Mohammad Bridge were fifteen of the mayor's brothers, sisters and relatives. They were joined by a caravan of some 1000 cars full of Palestinians

AMMAN, June 5 (JNA) — His Majesty King Hussein today made a telephone call to Prime Minister Sharif Abdul Hamid Sharaf to enquire after the condition of Nablus Mayor Bassam Al Shak'a, who was admitted to Al Hussein Medical Centre for treatment today. The King, now on a private visit to Britain, instructed the government to extend all possible care and attention to Mr. Shak'a.

Later in the evening, His Royal Highness Crown Prince Hassan the Regent visited Shak'a at the hospital and asserted Jordan's solidarity with the people of the occupied territories.

Later the prime minister and chief of the royal court, Mr. Ahmad Al Lawzi, also visited Mr. Shak'a in hospital and informed his wife of the King's concern over her husband's health and over the condition of his family and fellow citizens now confronting Israel's arbitrary measures in the occupied Arab territories.

Speaking to reporters later, the prime minister said Jordan is proud of Mr. Shak'a, his colleagues and family members. He said Jordan will continue to extend all possible assistance and help to the population in the occupied Arab lands until victory is achieved.

Palestine Liberation Organisation (PLO) Chairman Yasser Arafat is expected in Amman tomorrow to visit Mr. Shak'a, the Jordan Times learnt.

mayor's wife, Mrs. Anaya Shak'a specifically blamed Mr. Begin, Mr. Weizman, the military (Continued on page 2)

Regional Briefs

CAIRO, June 5 (AP) — Egyptian President Anwar Sadat's army officers today to be ready with "plans and alternatives" to a possible attempt by Ethiopia to cut off the Nile from Egypt. In a speech to officers of the second and third battalions in this town, midway on the Suez Canal, Mr. Sadat said Egypt would go to war against Ethiopia should it try to cut the Nile waters from reaching Egypt's 42 million population. Mr. Sadat's address to the officers is part of the annual celebrations commemorating the 1975 reopening of the canal to international navigation. The canal was closed during the Middle East war with Israel. Late last month, he circulated a letter to African countries accusing Egypt of the 1977 Nile water agreement by introducing Nile water to the Sinai. The Egyptian government in April introduced Nile water to irrigate some 35,000 acres of Sinai land, and plans to reclaim a total of one million acres there beginning in 1981. The water is carried through pipes in the canal watershed and is drawn by means of syphons.

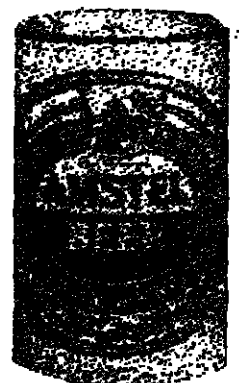
ABU DHABI, June 5 (R) — Prime Minister Suleyman Demirel said Turkey will protest to Iraq over the killing of 10 Turkish soldiers by machine-gun fire from Iraqi helicopters last Sunday. Demirel told reporters after a cabinet meeting that Turkey would demand the immediate punishment of those responsible. A group of 18 Turkish villagers from the province of Hakkari near the Iraqi border were machine-gunned by Iraqi helicopters as they were cutting grass inside Iraqi territory, according to Turkish state radio. Ten villagers were killed and three were wounded. The villagers later claimed the land they were working was theirs for agricultural purposes and that they had been using it for years with the knowledge of Iraqi officials.

RIYADH, June 5 (AP) — Saudi Arabia will receive the first of a U.S.-made F-15 military jets within the next four weeks, the state-run Riyadh Radio quoted the Saudi defence minister as stating today. The minister, Prince Sultan Bin Abdul Aziz, was also quoted as saying the delivery of the aircraft is being without any obstacles, according to a contract signed with the United States.

ADDIS ABABA, June 5 (R) — Djibouti Foreign Minister Ismael Ibrahim left here today after a four-day official visit to Ethiopia to take over the former embassy of Somalia. Mr. Ibrahim severed diplomatic relations at the outbreak of the 1977-78 Ogaden war. Mr. Ibrahim expressed "complete satisfaction" with the result of the talks on developing relations between the two countries, the Ethiopian News Agency reported. Ethiopian Foreign Minister Dr. Fekile Gedda is presented the key to the former Somalia embassy at a ceremony held last Sunday. The Ethiopian leader Mengistu Hailemariam at a meeting today assured the Djibouti foreign minister Ethiopia continues to improve and develop relations between the two countries for the peace of the region and the mutual security and well being of the two peoples, ENA said.

ALGERIA, June 5 (R) — Algerian Foreign Minister Mohamed Ben Yakhlef left for home today after pledging to attempt to be disappeared of a missing Spanish trawler. The trawler was reported missing last week off the Western Sahara and was the main topic discussed by Spanish leaders during Ben Yakhlef's 24-hour official visit. The Polisario Front, which is fighting for the independence of Western Sahara from Morocco, has claimed that its guerrillas sank the boat and captured the crew. Mr. Ben Yakhlef told reporters before leaving that he could not confirm the Polisario claim as he was not involved. But he added: "The Algerian government will spare no effort so that the problem of the fishing boat is a reasonable conclusion even though we are not a party to it." Mr. Ben Yakhlef said his talks with Prime Minister Felipe Gonzalez and Foreign Minister Marcelino Riera Aguirre with the Middle East, Afghanistan, the U.S.-Iranian crisis, security, the situation in the Mediterranean and general problems in Africa. He added that Algerian President Chadli Bendjedid was expected to make his first official visit to Spain at the end of this year.

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Local News Briefs

ZARQA, June 5 (JT) — The mutilated body of a 30-year-old man was discovered by a group of labourers near the town of Ruselfa some 15 kilometres northeast of Amman. The murder victim, a local carpenter identified only as H. 'A. M.', was cut up into 12 pieces with a very sharp tool and then put in a bag. The remains were burnt in an attempt to conceal the victim's identity. When police were alerted, they mounted a thorough search and tracked down the murderers in five hours. The report about the crime in the local press said two persons who were wounded up for questioning admitted to having committed the crime by first shooting the victim and then cutting and burning the body. They said they had planned the murder for more than two weeks in retaliation for actions by the victim which had dishonoured them. No further details were available.

WHAT'S GOING ON

Show-jumping
The Royal Riding Club presents a show-jumping competition at 4:00 p.m. at the Royal Racine Club in Marka. Free entrance.

JCO parallel markets: A model with a message

By Norah Barger
Jordan Times Staff Reporter

AMMAN, June 5 — "The customer be damned" attitude of many of Jordan's merchants may soon need revision — in grocery stores at least — in the face of fierce competition from the semi-governmental Jordan Cooperative Organisation (JCO).

The competition comes from parallel markets set up by the JCO at the beginning of April. Intended to be models of how grocers can sell to consumers at reasonable prices while still reaping profits, the first one was set up at the former site of the water tower near the First Circle in Jabal Amman. The dank, dirty and sometimes rat-infested quarters occupied there by free-lance fruit and vegetable vendors squatting on the land by sufferance of the landlord, the Ministry of Agriculture, were cleared out.

Given the land, the JCO immediately began laying down rules and selling its own produce at prices that are never higher than those set by the Ministry of Supply. High quality fruits and vegetables are never hoarded in a back room waiting to be sold to favoured customers who are willing to pay more than the set price for the best.

Instead, all fruits and vegetables there have been graded and packaged. Lower quality produce is available at prices below the official price. Doors went up last week so the market is no longer open air. It is one of the few places here that offer shopping carts for customers and check out is speeded up by electronic digital cash registers.

This week a similar parallel market was opened by the JCO in Jerash. Possible sites for more markets in the Amman region are Jubeiha, Sweileh, Wadi Seer and Na'our. One in North Hashimi will open soon to cater to the capital's lower income citizens. Outside the Amman area, Irbid, Salt, Zarqa and Aqaba are being studied.

Mobile parallel markets have also been in operation in Amman for two months. Volkswagen minibuses, recognisable by the JCO logo of three interlinked circles emblazoned on their sides, can be seen parked at strategic roadside spots to make their produce, graded and bagged like that in the market, available to passing motorists or pedestrians. The original fleet of two has been increased to six.

By all standards, the experiment seems to have been successful so far. According to JCO director, Hassan Nabulsi, retail prices are some 20 per cent lower at the parallel markets. A profit

has already been realised, he told the Jordan Times, but exactly how much is not yet known.

"The customers are very pleased," said Mr. Fahim Sukhain, the manager of the water tower market, which is open daily from 7 a.m. to 9:30 p.m. "Some customers leave here with three shopping carts full of fruits and vegetables worth over JD 20 at a time. We talk about rationalisation of consumption, but it is hard to believe that even large families can consume that much."

The call the Prime Minister, Sharif Abdul Hamid Sharaf, made earlier this year for the rationalisation of consumption, is in fact behind the hasty setting up of parallel markets. There was, he said, a clear need to lower prices to the consumer and stop the spiral of inflation.

"There are two polar ways of attacking the problem," Mr. Nabulsi said, "a completely free market or total government intervention. Members of the committee for the rationalisation of consumption headed by the Minister of Supply, Dr. Jawad Anani, were anxious not to shake the free market concept we have here or to do anything to shake the confidence of capital from outside."

The committee came up with the idea of the parallel market. It has been implemented successfully in Kuwait where the markets serve certain sections of the population. They operate under the same conditions as private sector markets, paying taxes, shipping and customs.

"Some of the conditions under which we have to work will in fact be more severe," Mr. Nabulsi commented. "We will be paying new rent unlike groceries that have been operating for years." Also unlike the private sector, the JCO aims to minimise the cost of the customer and to take only a modest profit. No more than about ten centres will be set up all over the kingdom. Their main purpose will be to serve as models for the private sector which will, it is hoped, have to lower its prices and offer the same modern service in order to compete with the parallel markets.

"We are not after the retailing service," he said. The organisation is, however, after the marketing business. "We will be distributing on a full scale," added. It is perhaps through its marketing operations, that all citizens will benefit the most from the JCO parallel market venture. Wisely, it was decided that the most efficient way to distribute fruits and vegetable was to grade them and pre-package them according to weight. The customer buys a one kilo sealed net or plastic bag of high grade tomatoes, for example, without having to spend time sifting through boxes for the best ones and waiting while his choice is weighed by the merchant. This has been an innovation in marketing here which the private sector never bothered to make, although it is part of standard operations in many free enterprise countries.

Packing operations take place at Taibeh, a suburb near Mahatta and, on a smaller scale, at the water tower market. Unacceptable produce is thrown out during packing, eliminating the unsightly mess familiar to consumers at most markets.

The JCO now distributes its wares to its stationary and mobile retail outlets as well as to consumer cooperatives at the Hussein Housing Estate, Hashimi and Al Hasa, where the phosphate mines are located. Eleven individuals or more can get together and form a cooperative licensed by the JCO.

So far, there are no more than five in Amman, but it is hoped that the advantage of being supplied by the JCO will encourage the formation of more cooperatives.

At the same time, the JCO intends to supply private sector retailers. It already has taken a place at the central marketplace downtown where it sells to all comers with a commission that is three to five per cent lower than what the other wholesalers there are taking.

The JCO buys one-third of the produce it sells direct from the producers. When it stepped into the market, it found that most producers had already committed themselves to private sector commissioners. The JCO had to make some purchases from private wholesalers.

The realisation that it could not buy direct was one of the many lessons the organisation has learned in the past two months. Learning how to get a telephone installed and solving electricity problems were others. It hired too many packers and the staff has now been reduced by half.

"We are solving our problems one by one," Mr. Nabulsi said, pointing out that the organisation had a choice between starting on short notice or overplanning to the extent that the parallel market idea would have been bogged down in paperwork and never got off the ground.

Fruits and vegetables are not all that will be available at the parallel markets. Already one can buy goat cheese, powdered milk, olive oil and Arab and Western bread. The Ministry of Supply has taken a small corner of the water tower shop for selling its eggs and meat. Very soon, the JCO will take over these operations as well. Eggs will be available in closed cartons of a dozen (for the first time here) at a price below the Ministry of Supply posted price.

The JCO will also expand into selling all the kinds of tinned foods and consumer goods usually available at supermarkets. Letters have been sent to the commercial attaches of 32 countries asking them what goods their countries can offer and their quality and prices. Preference will be given to stocking the markets with Jordanian goods if they are of high quality. Strangely, Jordanian tomato paste may not be among them simply because the product here comes in kilo cans, an impractical size for any but the very largest families. The introduction of the parallel markets, it seems, has performed a service in pointing out the myriad deficiencies in the packaging industry here.

The JCO will cooperate with the Ministry of Supply in marketing the goods the ministry subsidises such as flour, sugar, meat, poultry, chicken, and fish. The ministry has thought of setting up its own parallel markets for the sale of such goods, but the relationship between its markets and those of the JCO has not yet been clearly defined. Nevertheless, the two institutions will work out their plans in full cooperation, according to Mr. Nabulsi.

Staff working on the parallel markets feel that the experimental venture is especially important because a semi-governmental organisation now has an actual presence on the marketplace for the first time and can take action on more than a theoretical basis.

By supplying retailers with produce, the JCO will be able to sufficiently dominate the wholesale market to keep the selling prices to retailers down. At the same time, patrons of the parallel market, it is hoped, will provide more effective control over inflated retail profits than intricate Ministry of Supply or Tax Department investigations. Consumers who are faced with unreasonable prices at private stores can simply take their business to a parallel market until merchants catch on that they will have to compete to survive.



Shoppers check out two-kilo bags of lemons.



With groceries piled up as these are, the market needs the electronic digital cash registers acquired.



Workers bag string beans, eggplants, and tomatoes for faster shopping and delivery.



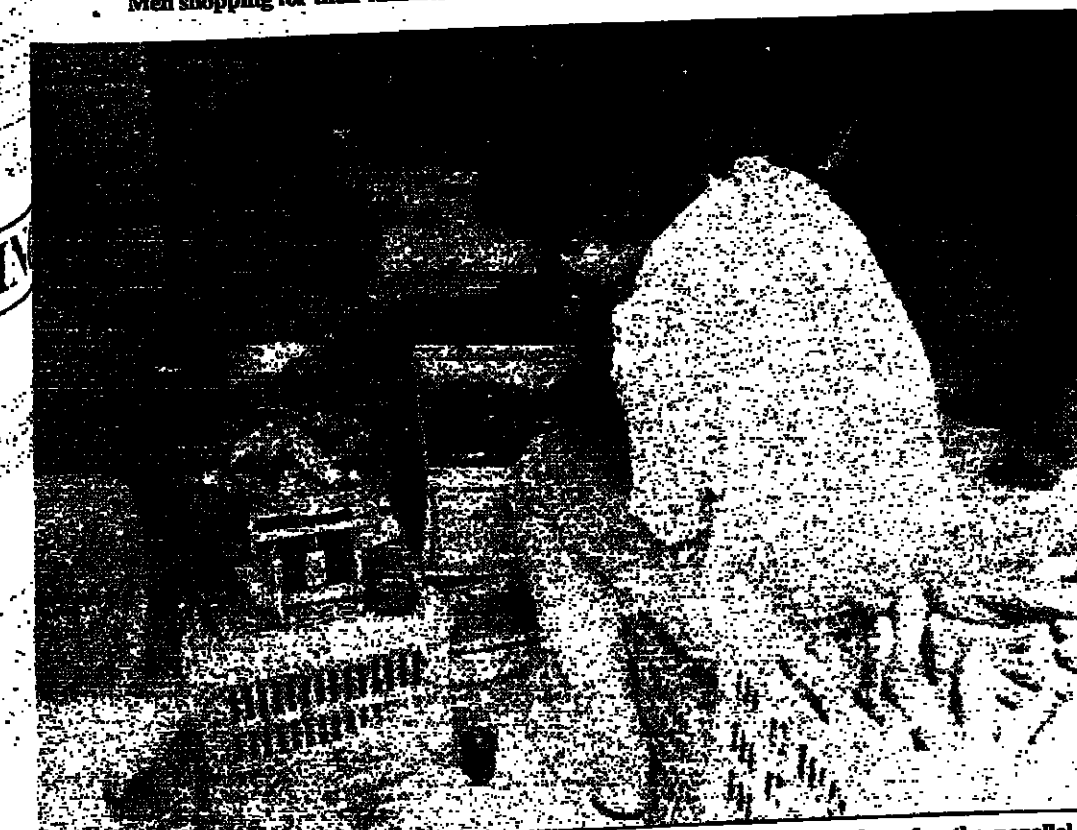
Shopping carts make it easier to take kids along when one goes to the market.



Ministry of Supply has taken a small section of the market to sell meat and eggs. The JCO will soon take over the operations.



Men shopping for their families at noontime queue up to pay for their groceries.



An employee sorts and weighs cucumbers as part of the JCO packing operations for the parallel markets.



A packer delivers just-bagged fruits and vegetables to stock the shelves of the parallel market near the

First Circle. To the right is one of the JCO minibuses that sell produce by the roadside

TODAY'S WEATHER

The weather will be fair, with northwesterly moderate to fresh winds. In Aqaba, there will be northerly moderate winds and calm seas.

Overcast
Amman
Aqaba
Deserts
Jordan Valley

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Economic News Briefs

Chase cuts prime rate to 13%

NEW YORK, June 5 (R) — Chase Manhattan Bank yesterday cut its prime lending rate by a full percentage point to 13 per cent, continuing a steady decline in the key bank interest rate. The rate, the interest charged on loans to corporate customers, has fallen sharply in recent weeks from a record 20 per cent in early April.

The move by Chase Manhattan, was soon followed by Morgan Guaranty Trust and Company and Manufacturers Bank, a small Los Angeles Bank. Most other banks were still charging 14 per cent.

Credit controls imposed as part of the Carter administration's anti-inflation programme earlier this year could be completely dismantled in the next few months, Treasury Secretary G. William Miller said yesterday.

The Federal Reserve Board (Central Bank) recently removed some credit restraints it imposed in March, cutting by half its special deposit requirement on consumer credit and its reserve requirement on bank operating funds.

30 developing countries receive Arab credit

KUWAIT, June 5 (AP) — Six Arab funds extended loans totalling \$358 million to 30 developing countries in Asia, Africa and Latin America in the first quarter of 1980, according to a report published in Kuwait yesterday.

The report, published by the Kuwait-based Arab Fund for Economic and Social Development, said that a total of \$56.7 million of loans were extended by itself, \$97.6 million by the Kuwait Fund for Arab Economic Development and \$82.6 million by the Islamic Development Bank.

The Saudi Development Fund extended loans totalling \$72.7 million while the loans of Arab Bank for African Development during this period amounted to \$25.1 million and those extended by the Iraq Foreign Development Fund \$22.9 million, the report added.

In addition the report noted that a seventh fund, OPEC's special facility, which is mainly owned by Arab oil exporting countries, extended loans totalling \$45.9 million to 12 countries during the first quarter of the current year.

The loans were used in financing development projects and foreign trade deficits, the report added.

Turkey lifts bank's interest ceiling

ANKARA, June 5 (R) — Turkey today raised its bank interest rates, in some cases scrapping interest ceilings entirely, in a move aimed at encouraging savings and drawing money away from the country's wealthy black market.

The government decree, to take effect on July 1, is also aimed at satisfying the terms of the International Monetary Fund (IMF) in return for a reported \$1.625 billion three-year IMF credit agreement expected to be signed this month, banking sources said.

It was the latest in a series of economic measures, which began last January, by Prime Minister Suleyman Demirel's government aimed at overcoming Turkey's grave economic crisis.

The highlight of the decree was an article removing all limits on bank interest for time deposits of more than six months. It leaves the individual bank free to negotiate the interest rate with the depositor. The decree also initiated a "certificate of deposit" scheme, allowing banks to start accounts for a "bearer" rather than for a named depositor.

The new "certificate of deposits" scheme, which is widespread in the United States, is clearly aimed at encouraging the billions of dollars of black market money back into the official economy. The government hopes the relative anonymity of such accounts will encourage tax-evaders to bring their cash into the official market, banking sources said.

The new interest rates are also aimed at stemming the tide of deposits in a number of private brokerage firms which offer interest of up to 40 per cent on bonds and time deposits.

Egypt forecasts first-ever budget surplus

CAIRO, June 5 (AP) — Egypt's budget, which has been plagued by chronic deficits, will be in the black next year for the first time in history, the nation's top economic official announced today.

Thanks to soaring oil income and increased revenues from the Suez Canal, Deputy Prime Minister Abdel Razzak Abdul Meguid forecast a surplus of at least \$150 million in the fiscal year beginning July 1.

"The surplus occurs for the very first time in the history of Egypt, in fact since the time of Joseph," said the newly appointed 49-year-old economic czar. He referred to the Old Testament prophet who resolved an economic crisis in the time of the Pharaohs, about 1720 B.C.

Egypt had a budget deficit of about \$2 billion in 1979 on a \$18.5 billion budget. A \$1.4 billion deficit had been forecast for 1980 before the start of the fiscal year was moved from January to July by President Anwar Sadat.

Mr. Abdul Meguid told a news

conference that \$1.64 billion additional income from oil and Suez Canal fees — which are to be raised in October — would allow the government to balance the budget and pay for a \$1.42 billion programme to compensate low-income workers for the loss of purchasing power due to inflation, running at the rate of about 20 per cent.

Egypt earned \$1.3 billion from oil exports and \$600 million from the Suez Canal in 1979.

Mr. Abdul Meguid said a main goal of the government's new economic policy was to redistribute income more fairly to low-income workers. His programme has promised:

— To increase subsidies on basic commodities from \$1.3 billion annually to \$1.5 billion.

— To raise the minimum wage, social security benefits and pensions for the elderly.

— To raise the price paid to farmers for crops such as sugar and sesame.

— The wage increases are for those on low incomes or fixed

incomes who have been losing about 20 per cent a year in purchasing power because of inflation. No trade union in the world tolerates that," said Mr. Abdul Meguid.

The billion-dollar wage package — affecting most of Egypt's two million government employees — is likely to have an inflationary impact, but Mr. Abdul Meguid said this would be offset by a six-month freeze in government spending in other sectors.

"The freeze will mean an actual decrease in real spending since the sums allocated will be reduced by an amount equal to inflation (about 20 per cent)," he said.

Since Egypt and Israel signed a peace treaty last March, expectations have been raised that an end of war would usher in a new era of prosperity. Egyptian officials appear anxious to forestall unrest like the January 1977 riots over increase in food prices that shook the foundations of Mr. Sadat's regime.

"Economic stability can't take place with social friction. This has

been proven by what has happened in Iran and even South Korea," said Mr. Abdul Meguid.

Also part of Mr. Abdul Meguid's new economic policy is a sweeping reform of the customs system to eliminate red tape and the taking of "backshish" (Arabic for petty bribes). Mr. Abdul Meguid said. Starting Saturday, he said, all imports including the payment of customs duties will be handled through Egyptian banks with a single short form to be filled out.

One purpose of the reform is to increase the amount of hard currency deposited in Egyptian banks by nearly one million Egyptians working in Arab and other foreign countries.

Last year remittances totalled \$1.8 billion, but only \$600 million came into the country in the form of cash while the rest was in durable goods such as cars and refrigerators. To import such items henceforth, the money will first have to be deposited in an Egyptian bank.

LONDON STOCK MARKET

LONDON, June 5 (R) — Government bonds closed equities were mixed after a moderately active session. At 1500 the FT index was down 0.4 at 422.6.

The latest round of U.S. prime rate cuts and speculation in U.K. minimum lending rate in the near future pushed government bonds around 1/4 point higher in short-term bonds, dealers said. They noted that the firm sterling had attracted overseas investors back into the market.

Gold shares were generally higher with the bullion North American names closed mixed.

Land Securities dipped 19p after announcing a £1 rights issue and ICI fell 14p as brokers downgraded the company's 1980 earnings. BP closed 2p higher after figures while British Petroleum added 8p and ICI's Guthrie Corp held steady at £7 1/4 after results.

Worth was unchanged at 57p after announcing a new sportswear shop.

Banks closed 3p to 5p higher but Courtaulds, Beech and Metal Box shed a penny or two.

LOCAL EXCHANGE RATE

| | | | |
|------------------|---------------|-----------------|------|
| U.S. dollar | 294.00/296.00 | French franc | 71.1 |
| U.K. sterling | 682.70/686.70 | Japanese yen | 132 |
| West German mark | 165.60/166.60 | (for every 100) | 132 |
| Swiss franc | 178.20/179.30 | Dutch guilder | 150 |
| Italian lire | 35.20/35.40 | Swedish crown | 70.2 |
| (for every 100) | | Belgium franc | 103 |

UNCTAD discusses 'common'

GENEVA, June 5 (R) — Negotiations to set up a common fund which could generate up to six billion dollars to finance national commodity agreements today entered what is as a final two-week session.

The talks grouping about 100 countries in the U.N. Conference on Trade and Development (UNCTAD) are scheduled to conclude in a ministerial session 10 days hence.

The proposed fund has a first account of \$400 million of compulsory contributions, designed to finance a separate international commodity agreements, and a second voluntary account for commodity research and development.

UNCTAD Secretary-General Gamani Corea, addressing opening session of the final negotiating conference today, said the fund would be used to generate between \$5 and \$10 billion.

The money would be lent to international commodity agreements like cocoa and tin to buy up buffer stocks to prices and ensure constant supplies, he said.

"The fund must from the outset have a good image of generating confidence in the capital markets," Mr. Corea said. "There must also be credibility in the fund's voting pattern though it is hoped decisions will be reached without a vote."

The U.N. official rejected any suggestion that current negotiations could interfere with the common fund. He said that on the contrary would be a decisive factor in accelerating the outcome of commodity pacts by easing problems over the size and financing of buffer stocks.

Last March the international cocoa agreement collapsed different price ranges sought by producer and consumer countries, and last month talks in Geneva on a new tin agreement ended in deadlock.

Mr. Corea urged delegates to concentrate on common problems still unresolved after several years of preparation. These include the inter-changeability of government guarantees for borrowing by the different commodity councils, cut-cedures in the fund and the timing of capital payments.

European car manufacturers fear Japan's potential

FRANKFURT — European motor manufacturers are worried about competition from Japan.

Toyota, Nissan (Datsun), Mitsubishi, Toyo Kogyo (Mazda), Honda and Fuji Heavy Industries (Subaru) have made their mark on European markets.

Europe may have seen the birth of the automobile nearly a century ago. It may have lent Japan a crucial helping hand when it embarked on its modernisation during the Meiji era. But the boot is now on the other foot. Japan has for some time been the world's major car exporter. This year it exports to outstrip the ailing U.S. motor industry in unit production.

This would make Japan the world's No. 1 motor manufacturer, but it is evidently not enough. Japan seems determined to expand production capacity for private cars. Japan's share of the European market is 7 1/2 per cent partly because several EEC countries, especially France and Italy, have been determined to keep Japanese cars out.

Despite this, motor manufacturers are still crying about Japanese competition. Leading manufacturers, particularly Giovanni Agnelli of Fiat, are lamenting in Brussels about the "yellow peril." The industrial power and the unbounded determination to export shown by the

major Japanese manufacturers are increasingly causing upset and anxiety.

Recent developments have played a leading role in fostering this spirit of dejection. The productivity edge Japanese manufacturers enjoy over their European counterparts has, if anything, increased, for instance.

A car worker in Toyota City, say, puts in on average 20 per cent more hours than his opposite number in Rüsselsheim (Opel) or Stuttgart (Mercedes) per year. What is more, he works more effectively, not only because he is more dedicated in his approach to his job but also because he is backed up by a more up-to-date and more automated production apparatus.

Last year a special additional factor was the decline in the exchange rate of the yen against the Deutschmark, which further improved the competitiveness of Japanese exporters.

European manufacturers have little to set against these advantages, with the result that Japan has gained ground in the West German market, largely at the expense of competition from other EEC countries.

By February 1980 Japan's total share of the West German market reached 79 per cent, and it was panic stations all round when

Honda held cooperation talks with British Leyland and Nissan with Alfa Romeo.

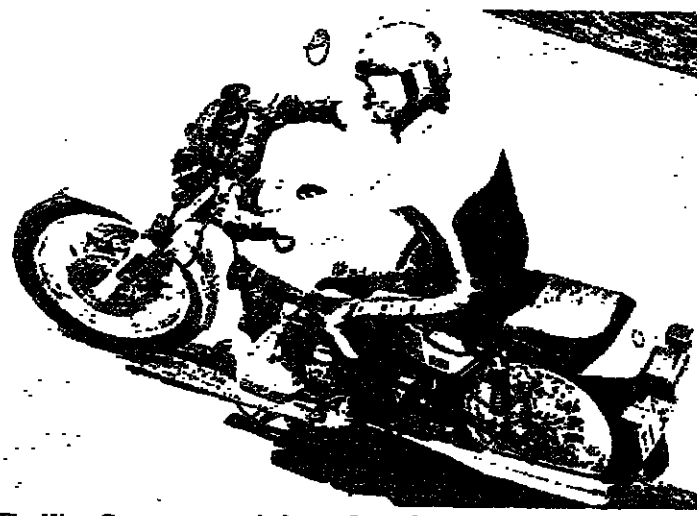
The Japanese bid to gain a foothold in leading European companies unleashed a previously suppressed desire to resist what was felt to be the outline of a new strategy. Prospects for the future are what worry European manufacturers most. What happens in the United States will, of course, play a leading role.

If U.S. auto workers and their trade unions step up pressure on Washington to impose import

restrictions on Japanese motor vehicles, frustrated exporters to the United States will surely be redirected to Europe.

Japanese manufacturers must make sure at all costs that their capacities are fully used and that they do their national duty as employers and foreign exchange earners. Their attention will be directed first and foremost at the West German market with its unlimited access, and the signs are fair for a marketing offensive.

— From Frankfurter Allgemeine Zeitung



The West German motor industry fears that its products, such as the motorcycle above, could be overshadowed on the home market by the European successes of Japanese manufacturers.

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مركز الأصل

S. Africa boycott called off

CAPE TOWN, June 5 (R) — Coloured (mixed race) student leaders today called off a seven-week school boycott in South Africa and told thousands of pupils to return to their classes on Monday.

But the decision has still to be agreed by other groups involved in the protest, which started among coloured high school children in Cape Town and spread across the country.

A spokesman for the students' "Committee of 81", which spearheaded the revolt against racial inequality in education, said the group had decided continuing the boycott would not achieve anything.

"The boycott does not have enough leverage to force the release of detainees," the spokesman said.

Police arrested hundreds of people during the weeks of unrest. Most have since been freed, but several student leaders and teachers are still in detention.

The committee ordered a return to classes last month, but called the pupils out again three days later in support of Indian and black pupils who maintained the boycott. Five people died in the

unrest, which flared sporadically into violence with police combating stone-throwing and arson with baton charges and tear gas. Two students were shot and killed by police in a coloured suburb near Cape Town.

Increasing numbers of university students joined the younger protesters, and the black University of Fort Hare was closed.

Prime Minister Pieter Botha acknowledged that there were grievances and there have been several moves to take the heat out of the student protest. Extra money has been allocated to provide more text books for coloured pupils and damaged schools are to be renovated.

The root cause of student anger is the wide disparity between how much the state spends on educating each white child and the expenditure on pupils from other racial groups.

In Durban, principals at Indian high schools suspended more than

2,000 pupils who have been involved in the protest. An Indian education spokesman said pupils who wanted to return to school should reapply for admission and that each case would be treated on merit. Pupils who were responsible for damage to schools and assaults on teachers would not be readmitted, he said.

At Roodepoort, near Johannesburg, several hundreds pupils staged a protest march.

In the black homeland and KwaZulu, pamphlets circulated by medical students called on the "oppressed, divided black majority of South Africa — Indian, coloured and African — to join the schools boycott against an unjust education system."

Chief Gatsha Buthelezi, political leader of five million Zulus, told the KwaZulu legislative assembly in Ulundi yesterday that what the students were doing was "foolish and stupid." He said the students were prescribing "a formula for civil war."



China's Senior Vice Premier Deng Xiaoping (front row, second from left) paid a visit to the United States in February 1979, during the course of which he visited a rodeo and donned a cowboy hat. (Gamma photo)

In wide-ranging press conference

Deng says he plans to give up post

PEIKING, June 5 (AP) — Senior Vice Premier Deng Xiaoping said today he plans to give up his vice premiership sometime in August if the National People's Congress approves, and that the purged "Gang of Four" ultra-leftist leaders would definitely be put on trial.

Mr. Deng told the National Conference of Editorial Writers that his resignation would be subject to the decision of the deputies of the Congress. China's parliament. He said the exact date was not fixed but would be sometime around August, "may be earlier or may be later."

The 76-year-old Mr. Deng already has said he wants to step down from his government job because of his age and yield to younger men. He would retain his all-important post as vice chairman of the Chinese Communist Party Central Committee.

"My consideration," Mr. Deng told a rare news conference to which American and Canadian journalists were admitted, "is not to retire altogether but to give up the position as vice premier."

"I already am 76," he said, "so I want to reduce the burden of routine work."

Mr. Deng said the "Gang of Four" will be put on trial but it would not be open to the world public because it involves "massive amounts of state secrets."

"As far as the people in China are concerned," he told the press conference, "the trial will be open but it inevitably will be connected with massive amounts of state secrets."

"So we do not intend an open trial in the international sense, to reveal these matters abroad." He added that of course, "the international press will be disappointed."

Mr. Deng and other Chinese officials have said many times the "Gang of Four" will go on trial. He did not give a date but said, "the Gang of Four will be put on

trial." The radical group, led by Chairman Mao Tse-tung's widow Jiang Qing, has been accused of trying to usurp control of the party and the country during 1966-76 Cultural Revolution.

In a wide-ranging press conference Mr. Deng also said he welcomed the U.S. decision to abandon its "even handed" policy toward China and the Soviet Union. "The main danger of war today comes from the Soviet Union," he said.

The vice premier also said: "On the whole we are pleased with the development of Sino-American relations." He added, however, "it is not quite appropriate" to consider China and the United States allies.

He said China is planning to "accelerate the system of lifetime tenure" for party and government posts. He said it would apply "not only to the chairman of the party but to all posts in the party, as well as the government."

He said officials might be limited to three terms, but said this could be extended in the case of younger men in their 30s.

China encourages freedom of the press and open criticism only if it does not undermine national security and unity, Mr. Deng said. He said China will adhere to the policy: "Let 100 flowers blossom, let 100 schools of thought contend."

"It is advantageous to our work when its shortcomings are exposed," he told the press conference. "But a distinction should be made between constructive and destructive criticism."

Mr. Deng made the comments in response to a question from a foreign journalist about how free the press is in China to criticize leaders and policy. "Conditions in our country differ from conditions in yours," Mr. Deng said.

He said China recently banned big character posters at what once was called "Democracy Wall." China has just achieved a situation of stability and unity, he said, but

"previously people put big character posters up on this wall seeking to destroy this unity and stability." He said such criticism had "destructive results for the economy as well."

He alluded to a brief period in 1979 in which posters blossomed on the wall. Many were critical of policy and some attacked Chinese leaders.

Mr. Deng said China encourages all criticism aimed at exposing persons or actions "detrimental to socialist construction." But he said China cannot let freedom of criticism be exploited "by people who think like the Gang of Four."

He said free discussion and debate among persons of differing opinions "has a better effect than the exposing of shortcomings."

In answer to a question, he said he had not heard of any directive restricting ordinary Chinese contacts with foreigners. Reports have been circulating in the capital about orders that Chinese must keep their distance from foreigners.

Speaking of his plans to drop the vice premiership, Mr. Deng noted he still would retain his party vice chairmanship, vice chairmanship of the Military Commission and chairmanship of the National United Front Organization.

"With these three posts I will be very busy," he said. He added, "My plan now is to resign these other posts by 1985 and assume the role of an adviser."

Mr. Deng said "I will raise the matter of stepping down" at the National People's Congress.

"Whether my resignation will be approved will be decided by the deputies," he said.

The sprightly Mr. Deng, who was in good humour and smoking heavily, said he wanted to shed some responsibility because "I would like to live a little longer."

He also said he feared that by 1985 his mind would not be as active as it is today.

World News Briefs

ARUSHA, Tanzania, June 5 (R) — The presidents of Zambia and Sudan meet the new military leaders of tomorrow to discuss Ugandan security in preparation to restore civilian rule. The summit, called by Sudanese Jaafar Numeiri, comes three weeks after President Go was overthrown by a six-man military commission. It's second leadership convulsion in the year since dictator toppled by the Tanzanian army and Ugandan exiles.

ALGERS, June 5 (R) — Nearly a third of the population of Timor has been massacred by Indonesia in the five years since a guerrilla chief was today quoted as saying 300,000 inhabitants out of a population of one million Indonesian army, which annexed the former Portuguese December 1975, Mr. Rogerio Lobato, military commander of the Fretilin guerrilla movement said. A further 150,000 are by starvation, he added in an interview with the *Algerie Actualite*.

CANBERRA, June 5 (AP) — Australia will accept 19 and 2,000 persons in other categories under special programmes for displaced persons immigration and Minister Ian MacPhee announced today. "Refugees feature of migration to Australia since settlement. In the 400,000 refugees and displaced people have settled in Australia," Mr. MacPhee said.

WASHINGTON, June 5 (AP) — The U.S. Senate Committee unanimously passed legislation to combat terrorism. The bill requires the president to submit Congress telling what nations have demonstrated a pattern for international terrorism. Nations so listed could not assistance. Citizens of those nations would be prohibited from the United States for military training.

Bonn OKs compromise formula for EEC budget

BONN, June 5 (AP) — The West German government announced today that it had approved a compromise formula under which British payments to the European Economic Community (EEC) budget would be reduced.

The announcement confirmed unofficial reports that the cabinet had decided to approve the package following a marathon 10-hour debate yesterday.

Under the terms of the compromise, worked out in Brussels by EEC foreign ministers last Friday, Britain's payments to the community budget will be sharply reduced over the next two years. But West Germany will have to pay an additional \$1.46 billion during that period to finance about 40 per cent of the revenue lost by Britain's reduction.

West German approval of the plan was crucial because objections from Bonn would have forced the EEC to renegotiate the issue.

Meanwhile, French President Valéry Giscard d'Estaing called today for a "pause" in the process of admitting Greece, Spain and Portugal to the EEC because of its current problems. He told a meeting of farmers' organisations that the integration of "some new members" — a clear reference to Britain — was clearly not complete, because of their recent demands for changes in the market system.

"It does not seem possible to deal jointly with the problems and uncertainties linked with the extension of the first enlargement" of the market, joined Britain, Denmark and Ireland when the founding six nations, "and

those which would new memberships."

Australian official bre Olympic bid

CANBERRA, June 5 (AP) — The Australian Department of Sport announced today that it had appointed a manager of the Olympic bid. The government is raising the possibility of a bid for the 1996 Olympic Games. Officials reacted with when they learned the Archibald, 35, had an appointment despite the government's support for the American-launched movement, reliable source. The government called off the Moscow bid. The Australian Olympic Commission recently voted a team.

Foreign Affairs officials were under telephone their bid. Andrew Peacock, in where he was due to see of State Edmund Mus

Mr. Archibald, vice New York from 1974, said he had no say about the bid. He said he had no say about the bid. He said he had no say about the bid.

Mr. Archibald said apply to his department to go to Moscow in Ju

New Hebrides negotiations could begin 'in a few days,' Lini says

PORT VILA, New Hebrides, June 5 (AP) — Negotiations to end the rebellion on Espiritu Santo island could begin in a few days, New Hebrides chief minister Father Walter Lini said today.

Father Lini said he had offered to hold talks with self-proclaimed rebel prime minister Mr. Jimmy Stevens if he agrees to release 10 hostages and return stolen arms.

The rebels have cut off communications with the largest island in the New Hebrides archipelago and forced the evacuation by sea of more than 1,200 persons, including 100 Europeans.

Britain has sent two military advisers to Port Vila, reportedly to lay the ground for a possible military intervention if Father Lini and Mr. Stevens fail to achieve a compromise.

The French Resident Commissioner, Mr. Jean Jacques Robert, said yesterday the British had a parachute battalion ready to fly to a camp in New Zealand. Mr. Robert also has forces available to him at the French base in neighbouring New Caledonia.

Meanwhile, American businessman Mr. Mark Oliver, who is advising the rebels on Espiritu Santo, denied today that he had supplied them with arms.

"Santo island was taken over with bows and arrows... the only thing I've given them was advice," Mr. Oliver, speaking from Nevada, told a Sydney, Australia, radio station yesterday.

Mr. Oliver said his influence had prevented bloodshed on the

island, where some 800 plantation workers backed by about 50 French-speaking Europeans last month seized government offices and policemen in a move to break away from the rest of the 800-kilometre long Pacific archipelago.

The islands are due for independence on July 30 after 74 years of joint French and British rule.

Protestant Ulster politico killed

CARNCLOUGH, Northern Ireland, June 5 (AP) — A maverick Protestant politician — a one-time member of Northern Ireland's main Roman Catholic party — was killed in a hail of bullets last night as his wife drove him to a village hall meeting.

There were fears that the shooting of local Councillor John Turnley could herald a fresh wave of sectarian killings as the British government prepares a new plan for Protestant-Catholic power-sharing.

Police said three masked gunmen drove up alongside Mr. Turnley's car, opened fire and sped off. Mr. Turnley died instantly. His Japanese-born wife was not hit.

Mr. Turnley, in his mid-40s, quit the largely Catholic Social Democratic and Labour Party several years ago after a row with the party leadership. But he remained out of step with fellow Protestants by joining the small, bisectarian Irish Independent

Party.

The party favours an Ulster independent of either Britain or the neighbouring, mostly Catholic, Republic of Ireland.

British Prime Minister Margaret Thatcher's Conservative government is hammering out fresh proposals to restore a degree of local autonomy to Northern Ireland, with special representation for the Catholic minority, outnumbered two to one by the 1 million Protestants. The proposals are to be unveiled by the end of this month.

Irish Prime Minister Charles Haughey, a fervent nationalist, has recently stepped up pressure for reunification of Ireland. Reunification is bitterly opposed by Ulster Protestants, who fear domination by the republic's 3 million Catholics.

More than 2,000 persons have died in sectarian violence in Ulster since 1969.

Investigators seek clues in Statue of Liberty bombing

NEW YORK, June 5 (AP) — Investigators have eliminated two of the five groups that claimed responsibility for bombing the Statue of Liberty here.

"We're working now on three possibilities," said Mr. Tom Locke, of the special FBI-New York Police Department anti-terrorist task force that went into action after Tuesday night's explosion. Mr. Locke declined to say which groups still were suspect, or the reasons that eliminated two.

The national monument, on Liberty Island, was closed to the public yesterday as investigators looked for clues. The bomb, believed to have been a dynamite device, exploded in the story room, a museum in the base of the statue, Tuesday evening.

There was no warning before the blast.

A few hours later, several people called police and the news media claiming their organisations were responsible.

The first caller told police he spoke for the Jewish Defence League. Another said he was from Omega 7, the right-wing anti-Castro group.

A woman who called the New York Post shortly after midnight said the bombing was done by the neo-Nazi National Socialist Movement Party, because "we're tired of the Jews running everything."

Another woman called the Associated Press to say the Palestine Liberation Organisation bombed the statue because "we will no longer stand by while the United States gives ammunition and money to Israel to kill Palestinian women and children."

WNBC television got a call from a man who said FALN, the Puerto-Rico independence terrorism group, had planned the bomb and that "Indian Point will be the next," referring to a nuclear power plant 40 kilometres north of the city.

By Thomas Thomson

RAS AL KHAIMAH, United Arab Emirates — The western world's energy lifeline fits easily on to a helicopter's 23-centimetre radar screen.

The electronic scanner reduces the spectacular beauty of the Strait of Hormuz to a narrow white outline, emphasising the vulnerability of the gate to the Gulf.

About 100 ships a day pass through the channel between the Arabian peninsula and Iran, carrying two-thirds of the West's oil imports.

From a helicopter flying 1,200 metres over the rugged mountains of the Masandam peninsula, this appears one of the most peaceful spots in the world. Dots on the radar screen are supertankers steaming to and from the major oilfields in Saudi Arabia, Kuwait, Iraq, the United Arab Emirates and Iran.

A swoop down over the brilliant blue waters of the Gulf to drop supplies to a tanker heading for Japan brings waves from crewmen sunning themselves on deck. But for the major oil importing countries the picture is more ominous. An attack on the strait, if it closed the Gulf to tankers, would paralyse the economies of the West.

The strait, only 38 kilometres broad at its narrowest point, leapt to prominence last year following the overthrow of the Shah of Iran. The toppling of the self-appointed "policeman of the gulf" left the Iranian side of the strait in uncertain hands.

But it was the Soviet incursion into Afghanistan that set western alarm bells ringing, with the fear that Soviet troops could swiftly

out off the West's economic lifeblood.

President Carter warned earlier this year that the Soviet effort to dominate Afghanistan had brought Soviet forces to within 480 kilometres of the Indian Ocean, and close to the Strait of Hormuz. The president added that the Soviet move posed a grave threat to the free movement of Middle East oil.

The efforts to free the Ameri-

can hostages being held in the U.S. embassy in Tehran also involve threats to use the strait as a powerful bargaining lever. A U.S. blockade of Iranian ports would likely be controlled from the strait. And Iranian Foreign Minister Sadeq Qotbzadeh threatened last month to close the Gulf if the U.S. attacked his country.

Policing the strait has now fallen to the tiny Omani navy, which patrols Omani territorial waters off

the tip of the Masandam peninsula, which include the main tanker channels. The British and American-advised Omani military force is based at Khasab, the main village of the peninsula, where a small airstrip provides a base for helicopters to patrol the strait.

In addition, a new naval base on Jazirat Al Ghanam — goat island is a more convenient patrol centre than the previous headquarters at Muscat, far to the south.

Western military a sceptical that a term could block the Strait by sinking one tanker route used by large ships 120 fathoms deep. But nervousness about prompted the Lloyd's insurance syndicate to increase its war risk per ships loading at Gulf p Saudi Arabian Oil Sheikh Ahmed Zaki Y also been troubled by nerability of this oil su. He suggested last sur frustrated Palestinians a tanker in the strait attention to their cause.

The analysts, how perhaps the greatest det blockage of the strait if of retaliation it would trigger from one or of superpowers. The strait to the West that only a n ling to risk all-out war w of the world would i attempt, they reason.

If they are wrong and or a hostile nation did ha through the strait there alternatives for the W analysts believe.

A few mines or even a sunken tanker could be quickly removed, perh U.S. help. But alternativ of transporting Middle E the event of a long-term are very limited. Iraq at Arabia have pipeline stretch to the Mediterranean could carry an estimate inum of 2.5 million b crude oil a day. Saudi new industrial centre at Y the Red Sea coast wo another million or so barre but it will not be operatio the middle of the decade.

The Strait of Hormu remains the fragile but v for the world's energy su



The Strait of Hormuz, photographed from the west by a U.S. space mission. The Masandam peninsula juts into the strait from the right; Iran is on the left, the Arabian Gulf in the foreground, and the Gulf of Oman in the background. (ICA photo)



Mrs. Gandhi with son Sanjay after election victory (Gamma photo)

Mrs. Gandhi rules out state government job for her son

NEW DELHI, June 5 (R) — Prime Minister Indira Gandhi today ruled out the possibility of her son Sanjay becoming chief minister of the key North Indian state of Uttar Pradesh.

She also indicated that she had no plans to make her 33-year-old son a cabinet minister.

Her Congress (I) party members in Uttar Pradesh, India's most populous state and one of the most backward, had launched a campaign to have Mr. Gandhi as chief minister. But Mrs. Gandhi told reporters here: "There is absolutely no question of his going

to Uttar Pradesh. He has just become a member of Parliament, and he has to serve Parliament."

Mr. Gandhi was elected to the National Parliament in January, when his mother was voted back into office after 33 months in opposition.

Her party last week scored its second election victory in five months, winning control of assemblies in eight Indian states including Uttar Pradesh.

Asked whether any government or party responsibilities would be given to her son, Mrs. Gandhi replied: "Government, no. Party, we will see."

مكتبة الأصيل